



an e-on company

RECEIVED

JUL 13 2006

PUBLIC SERVICE
COMMISSION

RECEIVED

JUL 13 2006

PUBLIC SERVICE
COMMISSION

Elizabeth O'Donnell
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, KY 40602

**Louisville Gas and
Electric Company**
State Regulation and Rates
220 West Main Street
PO Box 32010
Louisville, Kentucky 40232
www.eon-us.com

Kent W. Blake
Director
T 502-627-2573
F 502-217-2442
kent.blake@eon-us.com

July 13, 2006

**RE: AN EXAMINATION BY THE PUBLIC SERVICE COMMISSION
OF THE ENVIRONMENTAL SURCHARGE MECHANISM OF
LOUISVILLE GAS AND ELECTRIC COMPANY FOR THE SIX-
MONTH BILLING PERIODS ENDING OCTOBER 31, 2003, APRIL
30, 2004, OCTOBER 31, 2004, OCTOBER 31, 2005, AND APRIL 30,
2006, AND FOR THE TWO-YEAR BILLING PERIOD ENDING
APRIL 30, 2005 – CASE NO. 2006-00130**

Dear Ms. O'Donnell:

Please find enclosed and accept for filing the original and six (6) copies of the Response of Louisville Gas and Electric Company to the 1st Data Request of Kentucky Industrial Utility Customers, Inc. dated June 27, 2006, in the above-referenced matter.

Also enclosed are an original and ten (10) copies of a Petition for Confidential Protection regarding information provided in response to Question No. 7.

Should you have any questions concerning the enclosed, please contact me at your convenience.

Sincerely,

Kent Blake

Enclosures

cc: Parties of Record

1 | 1

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN EXAMINATION BY THE PUBLIC SERVICE)	
COMMISSION OF THE ENVIRONMENTAL)	
SURCHARGE MECHANISM OF LOUISVILLE GAS)	CASE NO. 2006-00130
AND ELECTRIC COMPANY FOR THE SIX-MONTH)	
BILLING PERIODS ENDING OCTOBER 31, 2003,)	
APRIL 30, 2004, OCTOBER 31, 2004,)	
OCTOBER 31, 2005, AND APRIL 30, 2006, AND)	
FOR THE TWO-YEAR BILLING PERIOD ENDING)	
APRIL 30, 2005)	

RESPONSE OF
LOUISVILLE GAS AND ELECTRIC COMPANY
TO
FIRST DATA REQUEST OF
KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC.
DATED JUNE 30, 2006

FILED: JULY 13, 2006

LOUISVILLE GAS AND ELECTRIC COMPANY

**Response to First Data Request of
Kentucky Industrial Utility Customers, Inc. Dated June 30, 2006**

Case No. 2006-00130

Question No. 1

Witness: Steve Seelye

- Q-1. Please provide a copy of the cost of service study used to generate the class rate of return results shown in Mr. Seelye's Table 1.
- A-1. The cost of service study from LG&E's last rate case, adjusted to reflect the test-year revenues found to be reasonable by the Commission, is included in the attached CD.

LOUISVILLE GAS AND ELECTRIC COMPANY

**Response to First Data Request of
Kentucky Industrial Utility Customers, Inc. Dated June 30, 2006**

Case No. 2006-00130

Question No. 2

Witness: Steve Seelye

- Q-2. Please provide all spreadsheets, in electronic form, with formulas intact, used to develop the rates of return at "compliance rates" shown in Mr. Seelye's Table 1.
- A-2. The requested information is included in the attached CD.

LOUISVILLE GAS AND ELECTRIC COMPANY

**Response to First Data Request of
Kentucky Industrial Utility Customers, Inc. Dated June 30, 2006**

Case No. 2006-00130

Question No. 3

Witness: Steve Seelye

- Q-3. Please provide the spreadsheets, in electronic form, with formulas intact, used to develop Sealy exhibits WSS-2 and WSS-3. Include the spreadsheets, with formulas intact, of the exhibits themselves.
- A-3. The electronic spreadsheets used to develop Revised Seelye Exhibits WSS-2 and WSS-3 are included in the attached CD.

LOUISVILLE GAS AND ELECTRIC COMPANY

**Response to First Data Request of
Kentucky Industrial Utility Customers, Inc. Dated June 30, 2006**

Case No. 2006-00130

Question No. 4

Witness: Steve Seelye

- Q-4. Please refer to Table 1 of Mr. Seelye's testimony and provide the following information:
- a. the dollar amount of subsidy by rate class under current rates;
 - b. the dollar amount of subsidy reduction by rate class under the Alternative Methodology roll-in;
 - c. the amount of total revenue by rate class;
 - d. the amount of kWh sales by rate class.
- A-4.
- a. See spreadsheet on CD provided in response to Question 2.
 - b. See spreadsheet on CD provided in response to Question 2.
 - c. See attached.
 - d. See attached.

Louisville Gas and Electric Company

12 Months Ended February 28, 2005

	CUSTOMERS	BASIC DEMAND	PEAK DEMAND	KWH	REVENUE
<i>RESIDENTIAL SPACE HEATING/ 512-514-516-530-540</i>	491,290	0	0	677,715,375	40,882,266
<i>RESIDENTIAL/ 511-513-515-521</i>	3,623,825	0	0	3,194,436,424	202,356,454
<i>RESIDENTIAL EXPERIMENTAL ENERGY RATE</i>	0	0	0	0	0
<i>RESIDENTIAL OUTDOOR LIGHTING/ begins w 0</i>	75,123	0	0	6,009,662	912,944
<i>RESIDENTIAL WATER HEATING/ 411</i>	69,692	0	0	15,654,713	837,498
<i>TOTAL RESIDENTIAL</i>	4,115,115	0	0	3,893,816,174	244,989,162
<i>COML WATER HEATING/ 451</i>	1,464	0	0	199,573	11,689.12
<i>GENERAL SERVICE-SINGLE PHASE/ 550-551-553</i>	323,123	0	0	438,710,998	30,954,629.54
<i>GS-T SPACE HEATING/ 552-554-652-654</i>	12,077	0	0	34,665,563	2,105,451.44
<i>GENERAL SERVICE-THREE PHASE/ 650-651-653</i>	159,450	0	0	869,097,567	58,354,418.76
<i>COML OUTDOOR LIGHTING/ begins w 1</i>	110,305	0	0	46,566,075	5,493,995.83
<i>TOTAL SMALL COMMERCIAL/INDUSTRIAL</i>	482,573	0	0	1,389,239,776	\$ 96,920,184.69
<i>LC LARGE COMMERCIAL/</i>	32,120	5,533,930	0	2,245,085,759	117,251,696.67
<i>LARGE COMMERCIAL T.O.D./</i>	770	1,220,425	1,213,310	592,025,994	27,213,895.63
<i>Fort Knox Special Contract</i>	12	359,500	0	192,277,000	7,197,744.32
<i>TOTAL LARGE COMMERCIAL</i>	32,902	7,113,855	1,213,310	3,029,388,753	\$ 151,663,336.62
<i>LP INDUSTRIAL POWER RATE/</i>	4,535	1,702,681	0	663,334,971	33,103,916.98
<i>INDUSTRIAL POWER T.O.D./</i>	755	4,047,297	4,022,978	2,170,189,748	81,743,081.20
<i>Industrial Power Special Contract</i>	55	1,099,949	688,063	471,808,984	19,536,031.60
<i>TOTAL INDUSTRIAL</i>	5,345	6,849,927	4,711,041	3,305,333,703	\$ 134,383,029.78
<i>PSL PUBLIC STREET LIGHTING/ begins w 3</i>	20,142	0	0	51,424,898	5,352,832.70
<i>SLE STREET LIGHTING/ 571 M</i>	1,423	0	0	3,452,738	143,698.15
<i>OL STREET LIGHTING/ begins w 2</i>	9,986	0	0	2,389,522	458,559.60
<i>TLE RATE/ 573 M</i>	10,605	0	0	10,897,653	560,158.28
<i>TOTAL PUBLIC STREET LIGHTING</i>	42,156	0	0	68,164,811	\$ 6,515,248.73
<i>TOTAL</i>	4,678,091	13,963,782	5,924,351	11,685,943,217	\$ 634,470,961.35

LOUISVILLE GAS AND ELECTRIC COMPANY

**Response to First Data Request of
Kentucky Industrial Utility Customers, Inc. Dated June 30, 2006**

Case No. 2006-00130

Question No. 5

Witness: Robert M. Conroy

Q-5. For the first twelve months after the roll-in, please project the dollar amount of environmental surcharge revenue on a total Company basis assuming that the Companies' filings in Case Nos. 2006-00208 and 2006-00206 are approved.

A-5. The table below contains a projection of the LG&E environmental surcharge revenue based on:

- 1) revenue requirements for the 12 months ending with the expenses month of May 2006, plus
- 2) revenue requirement projection for 2007 for the projects contained in the 2005 Plan¹ not already included in item 1), plus
- 3) revenue requirement projection for 2007 for the projects contained in the 2006 Plan².

	Projected 12 Month Revenue Requirement
1)	\$25,371,851
2)	\$1,150,842
3)	\$4,085,634
Total	\$30,608,326

¹ From the information provided in the testimony of Mr. Robert M. Conroy on page 9 In the Matter of: *The Application of Louisville Gas and Electric Company for Approval of its 2006 Compliance Plan for Recovery by Environmental Surcharge*, Case No. 2006-00208.

² From the information provided in the testimony of Mr. Robert M. Conroy on page 8 In the Matter of: *The Application of Louisville Gas and Electric Company for Approval of its 2006 Compliance Plan for Recovery by Environmental Surcharge*, Case No. 2006-00208.

LOUISVILLE GAS AND ELECTRIC COMPANY

**Response to First Data Request of
Kentucky Industrial Utility Customers, Inc. Dated June 30, 2006**

Case No. 2006-00130

Question No. 6

Witness: Robert M. Conroy

- Q-6. Please provide the rate schedules for the Company under the Alternative Methodology base rate roll-in and under the total revenue roll-in methodology.
- A-6. Please see the attached table showing illustrative rates for the various rate schedules excluding lighting schedules under the two roll-in methodologies.

LOUISVILLE GAS AND ELECTRIC COMPANY
IMPACT OF ROLL-IN ON RETAIL TARIFFS
Calculated Tariff Schedule, Percent of Total Revenue Method
Illustrative Example Only -- Final Rates Subject to Change

Rate Schedule	Existing Energy Charge	Revised Energy Charge	Change in Energy Charge	Existing Customer Charge	Revised Customer Charge	Change in Customer Charge	Existing Demand Charge	Revised Demand Charge	Change in Demand Charge
RS	\$ 0.05955	\$ 0.06036	\$ 0.00081	\$ 5.00	\$ 5.00	\$ -	n/a	n/a	\$ -
GS, winter, single phase	0.06381	0.06470	0.00089	10.00	10.00	-	n/a	n/a	-
GS, winter, three phase	0.06381	0.06470	0.00089	10.00	10.00	-			
GS, summer, single phase	0.07154	0.07243	0.00089	15.00	15.00	-	n/a	n/a	-
GS, summer, three phase	0.07154	0.07243	0.00089	15.00	15.00	-			
VFD	0.05955	0.06036	0.00081	5.00	5.00	-	n/a	n/a	-
LC Secondary Winter	0.02417	0.02417	-	65.00	65.00	-	11.14	11.42	0.28
LC Secondary Summer	0.02417	0.02417	-	65.00	65.00	-	14.20	14.48	0.28
LC Primary Winter	0.02417	0.02417	-	65.00	65.00	-	9.52	9.80	0.28
LC Primary Summer	0.02417	0.02417	-	65.00	65.00	-	12.32	12.60	0.28
LC Small Time of Day Secondary Peak Energy	0.03004	0.03004	-	80.00	80.00	-	11.14	11.42	0.28
LC Small Time of Day Secondary Off-peak Energy	0.01438	0.01438	-	80.00	80.00	-	14.20	14.48	0.28
LC Small Time of Day Primary Peak Energy	0.03004	0.03004	-	80.00	80.00	-	9.52	9.80	0.28
LC Small Time of Day Primary Off-peak Energy	0.01438	0.01438	-	80.00	80.00	-	12.32	12.60	0.28
LC-TOD Basic									
Demand Secondary LC-TOD Peak	0.02417	0.02417	-	90.00	90.00	-	3.22	3.37	0.15
Demand Secondary Winter LC-TOD Peak	0.02417	0.02417	-	90.00	90.00	-	7.92	8.07	0.15
Demand Secondary Summer LC-TOD Basic	0.02417	0.02417	-	90.00	90.00	-	10.98	11.13	0.15
Demand Primary LC-TOD Peak	0.02417	0.02417	-	90.00	90.00	-	2.17	2.32	0.15
Demand Primary Winter LC-TOD Peak	0.02417	0.02417	-	90.00	90.00	-	7.35	7.50	0.15
Demand Primary Summer	0.02417	0.02417	-	90.00	90.00	-	10.15	10.30	0.15
LP Secondary Winter	0.02068	0.02068	-	90.00	90.00	-	11.76	12.02	0.26

LOUISVILLE GAS AND ELECTRIC COMPANY
IMPACT OF ROLL-IN ON RETAIL TARIFFS
Calculated Tariff Schedule, Percent of Total Revenue Method
Illustrative Example Only -- Final Rates Subject to Change

Rate Schedule	Existing Energy Charge	Revised Energy Charge	Change in Energy Charge	Existing Customer Charge	Revised Customer Charge	Change in Customer Charge	Existing Demand Charge	Revised Demand Charge	Change in Demand Charge
LP Secondary									
Summer	0.02068	0.02068	-	90.00	90.00	-	14.35	14.61	0.26
LP Primary Winter	0.02068	0.02068	-	90.00	90.00	-	9.96	10.22	0.26
LP Primary, Summer	0.02068	0.02068	-	90.00	90.00	-	12.55	12.81	0.26
LP Transmisison									
Winter	0.02068	0.02068	-	90.00	90.00	-	8.76	9.02	0.26
LP Transmisison, Summer	0.02068	0.02068	-	90.00	90.00	-	11.35	11.61	0.26
LP-TOD Secondary									
Basic Demand	0.02068	0.02068	-	120.00	120.00	-	4.62	4.75	0.13
LP-TOD Primary									
Basic Demand	0.02068	0.02068	-	120.00	120.00	-	3.52	3.65	0.13
LP-TOD									
Transmission Basic Demand	0.02068	0.02068	-	120.00	120.00	-	2.33	2.46	0.13
LP-TOD Secondary									
Peak Demand									
Winter	0.02068	0.02068	-	120.00	120.00	-	7.14	7.27	0.13
LP-TOD Secondary									
Peak Demand									
Summer	0.02068	0.02068	-	120.00	120.00	-	9.73	9.86	0.13
LP-TOD Primary									
Peak Demand									
Winter	0.02068	0.02068	-	120.00	120.00	-	6.44	6.57	0.13
LP-TOD Primary									
Peak Demand									
Summer	0.02068	0.02068	-	120.00	120.00	-	9.03	9.16	0.13
LP-TOD									
Transmission Peak Demand Winter	0.02068	0.02068	-	120.00	120.00	-	6.43	6.56	0.13
LP-TOD									
Transmission Peak Demand Summer	0.02068	0.02068	-	120.00	120.00	-	9.73	9.86	0.13
Special Contracts									
EI DuPont	0.02068	0.02068	-	-	-	-	11.15	11.46	0.31
Fort Knox, winter rate	0.02068	0.02068	-	-	-	-	9.75	10.02	0.27
Fort Knox, summer rate	0.02068	0.02068	-	-	-	-	11.94	12.21	0.27
Louisville Water Company	0.02056	0.02056	-	-	-	-	8.33	8.57	0.24
SLE	0.04127	0.04179	0.00052	-	-	-	-	-	-
TLE	0.05182	0.05255	0.00073	2.80	2.80	-	-	-	-

LOUISVILLE GAS AND ELECTRIC COMPANY
IMPACT OF ROLL-IN ON RETAIL TARIFFS
Calculated Tariff Schedule, Alternate Method
Illustrative Example Only -- Final Rates Subject to Change

Rate Schedule	Existing Energy Charge	Revised Energy Charge	Change in Energy Charge	Existing Customer Charge	Revised Customer Charge	Change in Customer Charge	Existing Demand Charge	Revised Demand Charge	Change in Demand Charge
RS	\$ 0.05955	\$ 0.06085	\$ 0.00130	\$ 5.00	\$ 5.00	\$ -	n/a	n/a	\$ -
GS, winter, single phase	0.06381	0.06397	0.00016	10.00	10.00	-	n/a	n/a	-
GS, winter, three phase	0.06381	0.06397	0.00016	10.00	10.00	-			
GS, summer, single phase	0.07154	0.07170	0.00016	15.00	15.00	-	n/a	n/a	-
GS, summer, three phase	0.07154	0.07170	0.00016	15.00	15.00	-			
VFD	0.05955	0.06085	0.00130	5.00	5.00	-	n/a	n/a	-
LC Secondary Winter	0.02417	0.02417	-	65.00	65.00	-	11.14	11.28	0.14
LC Secondary Summer	0.02417	0.02417	-	65.00	65.00	-	14.20	14.34	0.14
LC Primary Winter	0.02417	0.02417	-	65.00	65.00	-	9.52	9.66	0.14
LC Primary Summer	0.02417	0.02417	-	65.00	65.00	-	12.32	12.46	0.14
LC Small Time of Day Secondary Peak Energy	0.03004	0.03004	-	80.00	80.00	-	11.14	11.28	0.14
LC Small Time of Day Secondary Off-peak Energy	0.01438	0.01438	-	80.00	80.00	-	14.20	14.34	0.14
LC Small Time of Day Primary Peak Energy	0.03004	0.03004	-	80.00	80.00	-	9.52	9.66	0.14
LC Small Time of Day Primary Off-peak Energy	0.01438	0.01438	-	80.00	80.00	-	12.32	12.46	0.14
LC-TOD Basic									
Demand Secondary LC-TOD Peak	0.02417	0.02417	-	90.00	90.00	-	3.22	3.35	0.13
Demand Secondary Winter LC-TOD Peak	0.02417	0.02417	-	90.00	90.00	-	7.92	8.05	0.13
Demand Secondary Summer LC-TOD Basic									
Demand Secondary Summer LC-TOD Peak	0.02417	0.02417	-	90.00	90.00	-	10.98	11.11	0.13
Demand Primary LC-TOD Peak	0.02417	0.02417	-	90.00	90.00	-	2.17	2.30	0.13
Demand Primary Winter LC-TOD Peak	0.02417	0.02417	-	90.00	90.00	-	7.35	7.48	0.13
Demand Primary Summer LC-TOD Peak	0.02417	0.02417	-	90.00	90.00	-	10.15	10.28	0.13
LP Secondary Winter	0.02068	0.02068	-	90.00	90.00	-	11.76	11.83	0.07

LOUISVILLE GAS AND ELECTRIC COMPANY
IMPACT OF ROLL-IN ON RETAIL TARIFFS
Calculated Tariff Schedule, Alternate Method
Illustrative Example Only -- Final Rates Subject to Change

Rate Schedule	Existing Energy Charge	Revised Energy Charge	Change in Energy Charge	Existing Customer Charge	Revised Customer Charge	Change in Customer Charge	Existing Demand Charge	Revised Demand Charge	Change in Demand Charge
LP Secondary									
<i>Summer</i>	0.02068	0.02068	-	90.00	90.00	-	14.35	14.42	0.07
LP Primary Winter	0.02068	0.02068	-	90.00	90.00	-	9.96	10.03	0.07
LP Primary, Summer	0.02068	0.02068	-	90.00	90.00	-	12.55	12.62	0.07
LP Transmisison									
<i>Winter</i>	0.02068	0.02068	-	90.00	90.00	-	8.76	8.83	0.07
LP Transmisison, Summer	0.02068	0.02068	-	90.00	90.00	-	11.35	11.42	0.07
LP-TOD Secondary									
Basic Demand	0.02068	0.02068	-	120.00	120.00	-	4.62	4.75	0.13
LP-TOD Primary									
Basic Demand	0.02068	0.02068	-	120.00	120.00	-	3.52	3.65	0.13
LP-TOD									
Transmission Basic Demand	0.02068	0.02068	-	120.00	120.00	-	2.33	2.46	0.13
LP-TOD Secondary									
Peak Demand									
<i>Winter</i>	0.02068	0.02068	-	120.00	120.00	-	7.14	7.27	0.13
LP-TOD Secondary									
Peak Demand									
<i>Summer</i>	0.02068	0.02068	-	120.00	120.00	-	9.73	9.86	0.13
LP-TOD Primary									
Peak Demand									
<i>Winter</i>	0.02068	0.02068	-	120.00	120.00	-	6.44	6.57	0.13
LP-TOD Primary									
Peak Demand									
<i>Summer</i>	0.02068	0.02068	-	120.00	120.00	-	9.03	9.16	0.13
LP-TOD									
Transmission Peak Demand Winter	0.02068	0.02068	-	120.00	120.00	-	6.43	6.56	0.13
LP-TOD									
Transmission Peak Demand Summer	0.02068	0.02068	-	120.00	120.00	-	9.73	9.86	0.13
Special Contracts									
EI DuPont	0.02068	0.02068	-	-	-	-	11.15	11.60	0.45
Fort Knox, winter rate	0.02068	0.02068	-	-	-	-	9.75	10.09	0.34
Fort Knox, summer rate	0.02068	0.02068	-	-	-	-	11.94	12.28	0.34
Louisville Water Company	0.02056	0.02056	-	-	-	-	8.33	8.57	0.24
SLE	0.04127	0.04200	0.00073	-	-	-	-	-	-
TLE	0.05182	0.05284	0.00102	2.80	2.80	-	-	-	-

LOUISVILLE GAS AND ELECTRIC COMPANY

**Response to First Data Request of
Kentucky Industrial Utility Customers, Inc. Dated June 30, 2006**

Case No. 2006-00130

Question No. 7

Witness: Robert M. Conroy

- Q7.** For each of the KIUC customers listed below, please provide a billing analysis using 12 month of representative data showing the cost differential between the two base rate roll-in alternatives. We consider this individual customer data to be confidential pursuant to 807 KAR 5:001(7), and ask that it be provided pursuant to a protective order.

Arch Chemicals
Carbide Graphite LLC
E.I. DuPont de Nemours & Company
Ford Motor Company
General Electric – Appliance Park
Golden Foods
Kosmos Cement
MeadWestvaco
Oxy Vinyls
Protein Technologies
Rohm & Haas

- A-7.** The requested information is being provided pursuant to a Petition for Confidential Protection.